

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Housing Department – Andhra Pradesh Rajiv Swagruha Corporation –
Recommendations of the Group of Ministers to overcome the financial crisis in
the Corporation – Orders – Issued.

HOUSING (HB.I) DEPARTMENT

G.O.Ms.No.11

Dated: 22-06-2013.

Read the following:-

1. G.O.Ms.No.8, Housing (HB.I) Department , dt. 17.03.2007.
2. G.O.Ms.No.18, Housing (HB.I) Department , dt. 06.07.2007.
3. G.O.Ms.No.24, Housing (HB.I) Department , dt. 27.07.2007.
4. G.O.Ms.No.29, Housing (HB.I) Department , dt. 07.07.2012.
5. From the Managing Director, APRSCL letter No.Nil, dt. 19.10.2012
and 22.11.2012.
6. Govt. Memo.No.3137/HB.I/2012, Housing (HB.I) Department,
Dt.30.11.2012.
7. G.O.Rt.No. 442, G.A. (Cabinet) Department dt. 30.1.2013.

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ORDER:

Government considering the need of providing affordable housing to the Urban Middle Class in the State has announced a Housing Programme by name 'Rajiv Swagruha' and accordingly in the G.O. second read above, incorporated a Government Company in the name of Andhra Pradesh Rajiv Swagruha Corporation Limited (APRSCL) under the Companies Act, 1956, to implement the housing scheme. Accordingly, the new Housing programme 'Rajiv Swagruha' was launched in all Municipalities and Municipal Corporations in the State.

The Managing Director, APRSCL in his letter dt: 19.10.2012 reported that there was a serious financial crisis in the Corporation and that all operations had come to a standstill. He further stated that all bank loans had become NPAs with mounting interest burden and with the stoppage of work they were encountering serious protests from the customers who had paid substantial amounts. The contractors had struck work as their dues had not been paid. The MD has stated that demand miscalculation, irrational targeting, high cost borrowings and flawed operational strategy were the reasons for the crisis in the Corporation.

The MD, APRSCL has submitted various measures for resolving the crisis, inter alia, direct financial assistance from the Government, waiver of various fees due to the Government for approvals, viz. Town planning, NALA, Zonal Conversion, back-end payment towards land cost, marketing reforms, reduction of interest burden on the allottees, disposal of unviable projects, sale of unutilised developed plots and own lands.

(P.T.O)

As per the instructions given by the Hon'ble Chief Minister during the review on the housing programme on 27.11.2012, an Officers Committee with the Chief Secretary as Chairperson and Principal Secretaries, Finance, Revenue, MA&UD, Secretary, Housing and MD, APRSCL as Members, was constituted vide Govt Memo. 6th read above, to examine the issues and suggest the action for the completion of the projects.

While reviewing the report of the Officers Committee by the Hon'ble Chief Minister on 29.1.2013, it was felt that the issues regarding land, town planning, auction of unviable projects, customer and contractor issues and banks dues were very complex in nature and involved major policy decisions. Therefore, in the G.O. 7th read above, Government had appointed a Group of Ministers of Finance, Revenue, Municipal Administration, Housing and Registration & Stamps to recommend the measures to be taken to overcome the financial crisis in the APRSCL and to complete the ongoing works.

While discussing the recommendations of Group of Ministers, Hon'ble Chief Minister in the meeting held on 7.5.2013 suggested (i) to constitute a Committee under the Chairmanship of Chief Secretary to monitor, supervise and support the implementation of the package; (ii) to fix the accountability for mismanagement causing the present crisis in the Corporation and (iii) to convene a meeting by the Hon'ble Minister for Finance and Hon'ble Minister for Housing, with the Bankers to do a hard bargain for arriving at one time settlement.

Government after careful examination of the recommendations of Group of Ministers, the observations of Finance, Revenue, Municipal Administration & Urban Development Departments and suggestions of the Chief Minister, issued the following orders, Department-wise, to overcome the financial crisis in the APRSCL for immediate implementation:-

FINANCE DEPARTMENT:

The recommendation for a loan of Rs.105 crores (Rupees one hundred five crores only) is accepted. The Department of Finance may immediately arrange for disbursement of a loan of Rs.105 crores for a period of 18 months @ 10% interest per annum.

APRSCL shall utilise this loan for completion of all the demand oriented projects in category-I & II, Rayachoti, Anantapur, Rajampet, Kurnool, Nellore, Tandur, Srikakulam, Mahaboobnagar, Ramagundam, Kakinada, Chandanagar, Bandlaguda and Pocharam giving due priority for completion of five 100% demand oriented schemes viz., Rajampet, Rayachoti, Ananthapur, Kurnool and Chandanagar and to hand over the finished units to the customers who have been waiting for a long time, at the earliest possible time.

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REVENUE DEPARTMENT

Government hereby permit APRSCL to pay Land value for Government lands, NALA charges and 10% of Basic value for assigned lands after sale of units/ plots/ projects. The Revenue department shall issue suitable instructions to the District Collectors to immediately confer the title in favour of APRSCL, pending payment of the land cost, for project lands covering 24 projects (Rayachoti, Anantapur, Rajampet, Kurnool, Nellore, Tandur, Srikakulam, Mahaboobnagar, Ramagundam, Kakinada, Chandanagar Bandlaguda, Pocharam, Narasaraopeta, Vetapalem, Nalgonda, Khammam, Kamareddy, Gajularamaram, Yendada, Jawaharnagar, Bahadurpally, Karimnagar, and Adilabad)

APRSCL is directed to re-convey all the lands alienated in its favour, where no projects are taken up. The Revenue department shall give suitable instructions to the District Collectors to take possession of such lands and duly protect them.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT DEPARTMENT:

The Government hereby permits the APRSCL to submit proposals for Zonal conversions, land use changes, Layout & Building Plan approvals to the competent authorities on deferred payment basis.

The UDAs/ Municipal Corporations/ Director, Town & Country Planning shall accord all necessary approvals like Zonal conversions, land use changes, Layout & Building Plan pending payment of charges. The MA & UD Department may issue necessary instructions in this regard.

HOUSING DEPARTMENT:

Further, the Government hereby permit the A.P.Rajiv Swagruha Corporation Limited to undertake the following measures with immediate effect:-

1. APRSCL shall complete category I & II projects.
2. The corporation shall dispose off unviable projects under Category-III in public auction after according the first right of refusal, to the existing registered applicants.
3. All the registered applicants may be allowed to migrate to other projects in Categories I & II, with pricing based on their original date of application or be refunded full payment with 12% of interest as recommended.

(P.T.O)

4. APRSCL shall offer the unutilised assigned lands acquired by it to Social Welfare Department through District Collectors against reimbursement of Book value of the lands. In case the same are not required by the Social Welfare department the Corporation may dispose them off through public auction.
5. APRSCL is hereby permitted to offer it's unsold stock to willing contractors towards settlement of dues, after the registered applicants exercising their first right of refusal.
6. Corporation is hereby permitted to dispose off Karimnagar project in a mixed model of 'as is where is' condition for the constructed area and sites and services scheme for the developed area.
7. Corporation is hereby permitted to take up plotted developed schemes on its own lands at Tanuku, Prodduturu, Gadwal and Kagaznagar.
8. Corporation is hereby permitted to sell the balance developed plots in the layouts in all the projects where the construction has not taken place by way of open auction.
9. Corporation is hereby permitted to fix the final cost, in case of all the initial customers on rolls, not exceeding 10% over the tentative cost announced at the time of notification, as being done in APHB and to waive interest and penal interest levied in cases, where construction schedule is not in consonance with payment schedule. It can freeze interest on all Retail & Bulk sales with effect from 01.04.2012 to make the units affordable to the middle class.
10. Corporation is hereby permitted to appoint a professional marketing agency with a Provision for marketing expenses, inclusive of Agency commission, not exceeding 10% of the revenues and for adoption of dynamic pricing policy, as per market practices in vogue in the trade, based on the market conditions and recommendations of the marketing agency.
11. Corporation is hereby permitted to waive eligibility criteria for allotment of houses/flats in APRSCL and to permit substitution of bookings wherever the original applicants requested for withdrawal and to refund to the original applicants on receipt of full payment from the substitute or after adjustment, with a nominal processing fee of 1% of the notified cost.

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12. Corporation is hereby directed to refund registration deposits, confirmation advances, etc., in full to the registered applicants in places, where projects are not taken up so far. Deduction on notified cost of the unit for the customers who are withdrawing midway, shall be limited to 10% of the unit cost **or** their actual payment, whichever is lower.
13. Corporation is hereby directed to negotiate with the lending banks for a 'One Time Settlement' of the loans.
14. Corporation is hereby directed to pay all the deferred payments towards land cost, fees for land use changes, Zonal conversion, layout & building plans etc., after disposal of its assets. Government shall have the first lien on any surplus generated on implementation of the measures envisaged in these orders.
15. The deputation period of employees working in APRSCL beyond 5 years is extended for a further period of 2 years from now as a special case, as the Corporation is being rehabilitated.
16. Government hereby constitute a Committee under the Chairmanship of Chief Secretary with Principal Secretaries Finance, MA & UD, Revenue and Secretary (Housing) as members, to monitor, supervise and support the implementation of the package.
17. Government hereby direct the APRSCL to fix the accountability on mismanagement causing the present crisis.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr.P.K.MOHANTY,
CHIEF SECRETARY TO GOVERNMENT.

To

The Managing Director, APRSCL

The Principal Finance Secretary to Govt., Finance Dept.

The Principal Secretary to Govt. (FP), Finance Department.

The Principal Secretary to Govt., Revenue Department.

The Principal Secretary to Govt., MA & UD Department.

Copy to:

The CCLA & Spl. CS, A.P., Hyderabad. /All the District Collectors.

Vice Chariman & Housing Commissioner, APHB. /

Panchayat Raj Department. /TR&B Department.

MA & UD Dept. /Irrigation Department. /The G.A (Cabinet) Dept..

P.S. to Principal Secretary to CM /Spl. Secretary to CM /OSD to Minister (Housing)

//FORWARDED::BY ORDER//

SECTION OFFICER